



Reining in the Rain: Local Stormwater Funding Strategies

**SF Bay Regional Water
Quality Control Board**

April 23, 2008

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Presentation outline

- 1 **Public Facilities Financing 101**
- 2 **Funding & Financing Options**
- 3 **Regional Stormwater Facilities Financing Plan**



Public Facilities Financing 101

Funding Sources versus Financing Mechanisms

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- **Funding Sources**

- Revenues to pay for facilities
- **Two funding strategies:**
 - Fund “pay as you go”
 - Debt finance (build now, repay later)
- **Examples**
 - Taxes
 - Assessments
 - Fees
 - Charges

- **Financing Mechanisms**

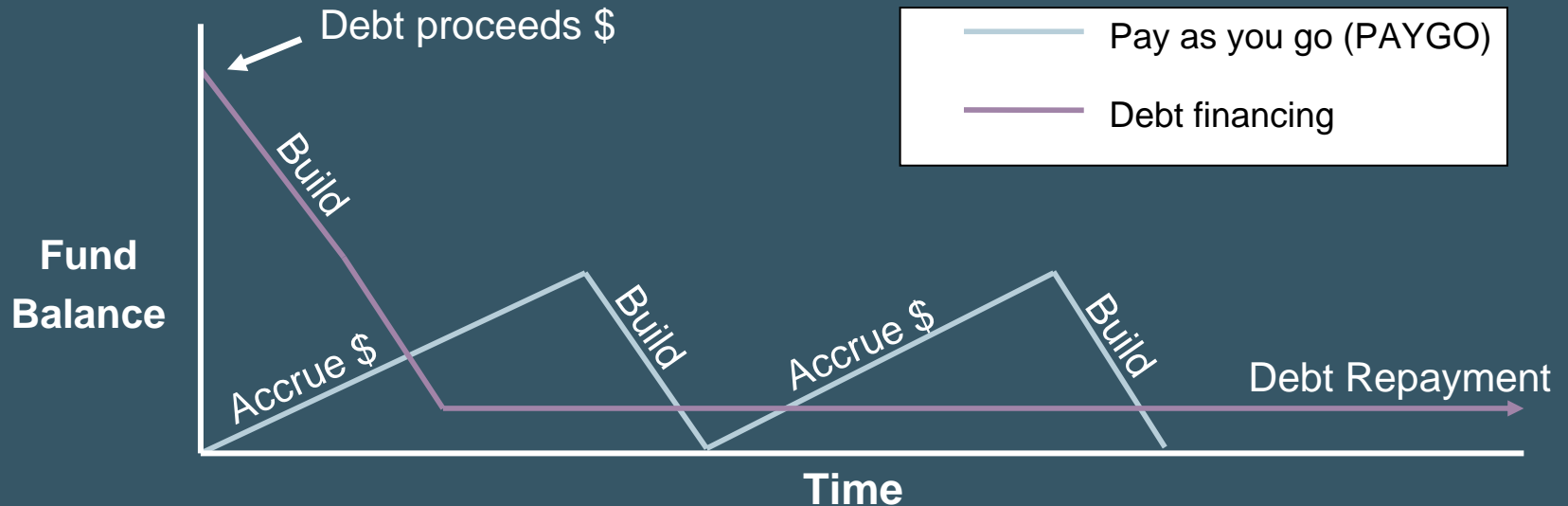
- Methods for borrowing funds now and repaying over time
- **Need a funding source**
- **Need credit security**
 - Assessment district debt secured by land values
 - Revenue bonds secured by ratepayers



Public Facilities Financing 101

PAYGO versus Debt Financing

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- **Pay as you go – Be sure to increase fee/charge with inflation!**



Public Facilities Financing 101

Proposition 218 Overview

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Type of Revenue Source	Approval Requirements
General taxes	Majority vote by registered voters
Special taxes	2/3 vote by registered voters
Special assessments	Majority vote by property owners, weighted by assessment
Property-related fees	Majority vote by property owners, EXCEPT water, sewer, refuse fees only subject to majority protest
Impact fees, user charges, regulatory fees	NO voter approval requirement



Public Facilities Financing 101

Prop. 218 Case Law

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- **Howard Jarvis Taxpayer's Association v. City of Salinas**
 - Storm drain fee based upon impervious area is a “property-related fee”.
 - Storm drain fees not exempt from the election requirements of Proposition 218 because they do not constitute either “water” or “sewer” fees.



Funding Options

Ongoing Planning & Administration

- **Building or Planning Permit Fee**
 - User fee
 - Program costs related to new development impacts
- **Business License Fee**
 - Regulatory fee
 - Program costs related impacts of businesses
- **Fines**
 - Regulatory fee based on enforcement program
 - Program costs related to violations of City's municipal code based on NPDES program



Funding & Financing Options

Funding Facilities for EXISTING Development

- **Agency-wide property tax override**
 - Capital costs only
 - Example: general obligation bond
- **Agency-wide special tax**
 - Capital and O&M costs
 - Example: parcel tax
- **Utility enterprise fund charges**
 - Capital and O&M costs
 - Example: stormwater utility charge
- **Agency-wide special assessment**
 - Capital and O&M costs
 - Example: 1913 Benefit Assessment District
 - May need separate assessments by zone



Funding & Financing Options

Funding Facilities for NEW Development

- **Development Impact Fee**
 - Capital costs only, can't use for debt
 - Amount based on impact
- **Benefit Assessment District**
 - Capital and O&M costs
 - Amount based on special benefit
- **Community Facilities District**
 - Capital and O&M costs
 - Special tax = no nexus to impact or benefit
- **Development Agreements**
 - Typically for capital costs only
 - Contract = no nexus to impact or benefit

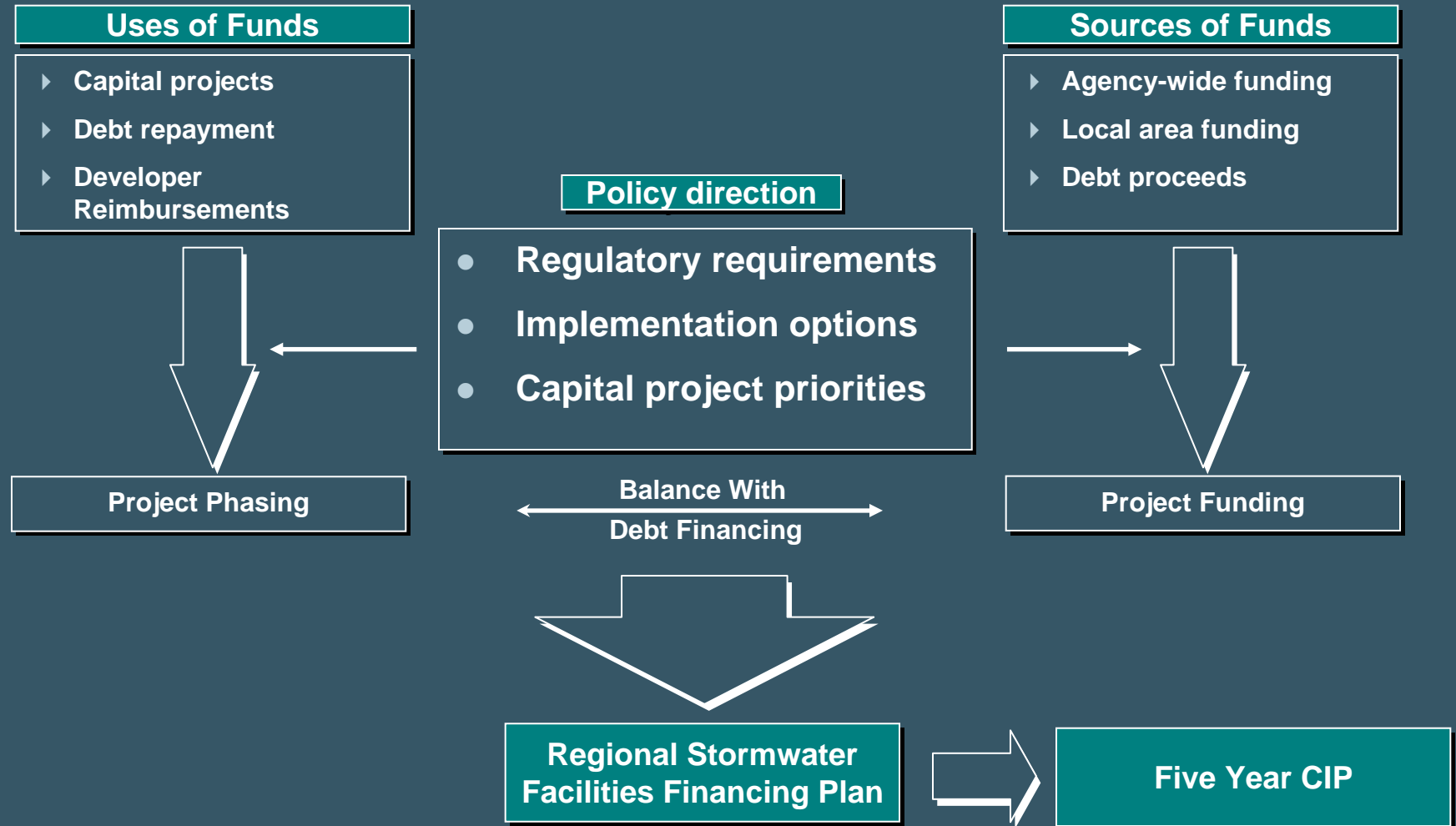
Good for agency-wide impacts

Best for small area/zone impacts



Putting It All Together

Regional Stormwater Facilities Financing Plan





Reining in the Rain

Local Stormwater Funding & Financing Strategies

Questions, Answers,
& Discussion